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GAIN Report #TH0101

## **Thailand**

## **Processed Sweet Corn**

## **Annual**

## **2000**

Approved by:

**Maurice W. House**

**U.S. Embassy**

Prepared by:

David/Sakchai

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### **Report Highlights:**

**Thailand's canned sweet corn production in MY 2000/01 may decline for the first time in recent history. However, exports in 2000 is forecast to be close to the level in 1999. Canned baby corn exports are estimated to increase to some degree in 2000.**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Bangkok [TH1], TH

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## Section I: Situation and Outlook

### Canned Sweet Corn and Frozen Sweet Corn

Thailand's canned sweet corn (CSC) production in MY 2000/01 is forecast to decline for the first time in recent history on the likelihood of a sharp reduction in fresh sweet corn supplies. Several farmers, who had a difficulty in selling their fresh sweet corn to canneries and received lower farmgate prices in MY 1999/2000, have downsized their sweet corn production area for MY 2000/01. An over-supply situation has troubled the sweet corn canning industry in MY 1999/2000. This was reflected by high CSC stocks which were held by most canneries in early 2000, and a decline in export prices for canned sweet corn and domestic prices for fresh sweet corn. According to trade sources, several CSC processors have been financially weak due to their losses in the export business in the past several months, and a few canneries already suspended their CSC production line.

It is believed that production of CSC should grow in a more sustainable manner in the next few years as there will be a fewer canneries which are specialized in sweet corn canning. In the past few years, strong export demand had induced newcomers into the CSC canning industry, most of which were primarily vegetable and/or fruit canneries. The number of CSC canneries increased sharply from only 3-5 packers in 1997 to about 20 packers in 1999. Most of these new packers did not apply appropriate technology, from farming to processing, to their CSC production. As a result, product quality has become a main problem among these new packers. This quality problem, coupled with rapidly increased CSC production, has led to a fierce exporting competition among the packers. As a result, export prices were depressed to a level below the packers' break-even point during most of 1999 and early 2000.

Production of fresh sweet corn (whole cob weight basis) in MY 2000/01 is forecast to be around 130,000 tons. About 60 percent of total production will be delivered to canned sweet corn processors, while the balance will be used for fresh consumption and frozen sweet corn production. Fresh sweet corn production is centered in Kanchanaburi, Ratchaburi, Chiang Mai, Uthai Thani, Nakhon Sawan, and Nongkai Provinces. Most canneries procure fresh sweet corn through contract farming. The companies provide hybrid seeds and supervision to their contract farmers and purchase fresh sweet corn production at guaranteed prices. A company which is the largest packer and a pioneer in the industry develops its own variety of hybrid seed and provides close supervision to their contract farmers to ensure good quality of raw materials. Since nearly all of the sweet corn area is irrigated, sweet corn can be seeded year-round and harvested within 80-85 days. The average yield for fresh sweet corn production is about 10-12 tons/hectare on a whole cob weight basis.

Consumption of canned sweet corn has increased, but sales are still limited to the modern-trade outlets in large cities, especially Bangkok. Sweet corn has become more popular among Thai consumers. However, most Thai people prefer fresh or simply cooked sweet corn to canned sweet corn. The sale of cooked whole-cob sweet corn (i.e., steamed, fried, or grilled) in supermarket's kiosks has continued to rise in recent years.

Despite a sharp reduction in production, Thai exports of canned sweet corn in 2000 may

reach 26,000-28,000 tons, a level which is close to that of 1999. This is based on the fact that all packers have struggled to reduce their high carryover through export in early 2000. By destination, CSC exports in 2000 are likely to increase in such markets as the EU (especially Germany, United Kingdom, and Netherlands), South Korea, and Argentina. However, trade sources report that sales to Hong Kong may drop sharply following a rise in Chinese import duties which are curtailing the re-export trade from Hong Kong to China. In early 2000, a prevailing fierce competition among Thai packers and weak export demand depressed export prices from about US\$ 6.30-6.50/case (24 12-ounces cans) in late 1999 to about US\$ 5.0-6.0/case. Export prices have recently firmed to US\$ 6.0-6.5/case again, while the stock levels have leveled off and fresh sweet corn supplies have been reduced in the second half of 2000.

In 1999, exports of canned sweet corn grew by 20 percent from those in 1998. The increase was mostly attributed to higher sales to South Korea, Japan, Poland, and other small importing countries.

Thailand's exports of frozen sweet corn in 2000 are forecast to increase sharply to 1,800-2,000 tons, as opposed to 1,416 tons in 1999, due mainly to increased competition arising from cheaper domestic fresh corn supplies.

There has been no change in the production/subsidy policy by the Thai Government from last year's Annual Report. The tariff rate for imported CSC remains unchanged at 30% ad valorem or 25 baht/kg (whichever is higher), plus 7% Value-Added Tax (VAT) on total import costs.

### *Canned Baby Corn*

After a decline in the past few years, production of canned baby corn is forecast to recover in MY 2000 and MY 2001 in anticipation of increased export demand. Production in MY 1999 has been revised downward reflecting actual export figures. Like sweet corn, fresh baby corn is grown year-round in the same areas as sweet corn, and is harvested within 42-45 days. Production of fresh baby corn is delivered for further processing to make canned and frozen products, or for the fresh market.

Nearly all production of canned baby corn is for export. Total exports of canned baby corn in 2000 (calendar year basis) are estimated to grow by 5-10 percent, as a decline in the Thai baht has lowered export prices. According to trade sources, average FOB export prices are currently US\$ 8-13/case, as opposed to US\$ 10-15/case in 1999. The U.S. is likely the largest buyer of Thai canned baby corn in 2000, followed by the EU and Japan. Exports in 2001 may further increase to some degree, based on the likelihood of a continued weak Thai currency.

The Thai Government does not provide any subsidy on production or exports of canned baby corn.

**Section II: Statistical Tables**

Table 1: PS&amp;D Table for Canned Sweet Corn

Commodity: Canned Sweet Corn (Metric Tons)						
Beg. Month/Year Mktg.	07/99		07/00		07/01	
	Revised 1999		Prelim 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Beg. Stocks	5567	5567	9579	9845	0	5165
Production	35000	32000	39000	26000	0	30000
Net Production	28000	26400	31200	20800	0	24000
Imports	12	17	15	20	0	20
TOTAL Supply	40579	37584	48594	35865	0	35185
Exports	30000	26739	34000	28000	0	29000
Domestic Consump.	1000	1000	1100	1100	0	1200
Ending Stocks	9579	9845	13494	6765	0	4985
TOTAL Distribution	40579	38584	48594	33265	0	35185

Table 2: Trade Matrix for Canned Sweet Corn in 1999

Trade Matrix						
Sweet Corn, Canned		Unit: M. Tons (Jan-Dec)				
Exports for 1999 to:			Imports for 1999 from:			
-- U.S.		594	-- U.S.			10
-- Other			-- Other			0
Argentina		1543				
China		1098				
Germany		2712				
United Kingdom		730				
Hong Kong		7551				
Japan		2545				
S. Korea		4177				
Netherlands		396				
Poland		1134				
Taiwan		511				
Total of Others		22397				0
Others not listed		3247				0
Grand Total		26238				10

Table 3: Trade Matrix for Canned Sweet Corn in 2000

Trade Matrix						
Sweet Corn, Canned		Unit: M. Tons (Jan-Jul)				
Exports for 2000 to:			Imports for 2000 from:			
-- U.S.		194	-- U.S.			7
-- Other			-- Other			0
Argentina		1428				
China		881				
Germany		2678				
United Kingdom		1159				
Hong Kong		1239				
Japan		923				
S. Korea		3023				
Netherlands		409				
Poland		543				
Taiwan		408				
Total of Others		12691				0
Others not listed		3055				0
Grand Total		15940				7

Table 4: PS&amp;D Table for Frozen Sweet Corn

PSD Table	Frozen Sweet Corn					
Country:						
Commodity:						
	1999		2000		2001	
	Old	New	Old	New	Old	New
Market Year Begin	07/99		07/00		07/01	
Beginning Stocks	88	88	98	128	0	48
Production	750	2400	780	1800	0	2000
Imports	80	45	90	50	0	70
TOTAL SUPPLY	918	2533	968	1978	0	2118
Exports	700	2285	700	1800	0	1800
Domestic Consumption	120	120	130	130	0	140
Ending Stocks	98	128	138	48	0	178
TOTAL DISTRIBUTION	918	2533	968	1978	0	2118



Table 5: Trade Matrix for Frozen Sweet Corn in 1999

Trade Matrix						
Sweet Corn, Frozen		Unit: M. Tons (Jan-Dec)				
Exports for 1999 to:			Imports for 1999 from:			
-- U.S.		452	-- U.S.			0
-- Other			-- Other			0
Australia		203				
Belgium		239				
Canada		20				
Germany		46				
Denmark		64				
United Kingdom		201				
S. Korea		0				
Japan		25				
Netherlands		42				
Sweden		22				
Hong Kong		0				
Total of Others		862				0
Others not listed		102				0
Grand Total		1416				0

Table 6: Trade Matrix for Frozen Sweet Corn in 2000 (Jan-Jul)

Trade Matrix						
Sweet Corn, Frozen		Unit: M. Tons (Jan-Jul)				
Exports for 2000 to:			Imports for 2000 from:			
-- U.S.		82	-- U.S.			0
-- Other			-- Other			0
Australia		224				
Belgium		95				
Canada		21				
Germany		0				
Denmark		81				
United Kingdom		89				
S. Korea		561				
Japan		54				
Netherlands		57				
Sweden		0				
Hong Kong		71				
Total of Others		1253				0
Others not listed		50				0
Grand Total		1385				0

Table 7: PS&amp;D Table for Canned Baby Corn

PSD Table	Canned Baby Corn					
Country:						
Commodity:						
	1999		2000		2001	
	Old	New	Old	New	Old	New
Market Year Begin	07/99		07/00		07/01	
Beginning Stocks	6999	6999	8649	7085	0	7685
Production	72000	50000	74000	54000	0	55000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	78999	56999	82649	61085	0	62685
Exports	70000	49564	72000	53000	0	54000
Domestic Consumption	350	350	400	400	0	450
Ending Stocks	8649	7085	10249	7685	0	8235
TOTAL DISTRIBUTION	78999	56999	82649	61085	0	62685

Table 8: Trade Matrix for Canned Baby Corn in 1999 (Jan-Dec)

Trade Matrix						
Sweet Corn, Frozen		Unit: M. Tons (Jan-Dec)				
Exports for 1999 to:			Imports for 1999 from:			
-- U.S.		17571	-- U.S.			0
-- Other			-- Other			0
Australia		2989				
Canada		3173				
Germany		3644				
France		1267				
United Kingdom		1586				
Hong Kong		1734				
Israel		1151				
Japan		4344				
South Korea		1508				
Netherlands		3224				
Sweden		1052				
Total of Others		25672				0
Others not listed		8426				0
Grand Total		51669				0

Table 9: Trade Matrix for Canned Baby Corn in 2000 (Jan-Jul)

Trade Matrix						
Sweet Corn, Frozen		Unit: M. Tons (Jan-Jul)				
Exports for 2000 to:			Imports for 2000 from:			
-- U.S.		11428	-- U.S.			0
-- Other			-- Other			0
Australia		1528				
Canada		1456				
Germany		1974				
France		808				
United Kingdom		932				
Hong Kong		807				
Israel		1019				
Japan		2426				
South Korea		294				
Netherlands		2178				
Sweden		620				
Total of Others		14042				0
Others not listed		5542				0
Grand Total		31012				0